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# ***FORECLOSURE SALE 48 UNIT APARTMENT COMPLEX IN CAMDENTON, MO***

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## ***KING'S COVE APARTMENTS***



**Is offered for sale at foreclosure.**



**Bids will be accepted orally on:  
June 25, 2004  
at: 1:00 p.m. local time**

**at: Camden County Courthouse  
East Front Door  
1 Court Circle  
Camdenton, MO 65020**



U. S. Department of Housing and  
Urban Development

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### FORMS REQUIRED TO COMPLETE BID AND PURCHASE

**THESE FORMS ARE AVAILABLE AT [http://www.hudclips.org/sub\\_nonhud/html/forms.htm](http://www.hudclips.org/sub_nonhud/html/forms.htm)**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Previous Participation Certificate (Form HUD-2530) for proposed owner<br><input checked="" type="checkbox"/> Personal Financial and Credit Statement (Form 92417) for each proposed principal and/or Partner<br><input checked="" type="checkbox"/> Affirmative Fair Housing Marketing Plan (Form 935.2) | <input checked="" type="checkbox"/> Management Entity Profile (Form HUD-9832)<br><input checked="" type="checkbox"/> Management Certification for Multifamily Projects (Form HUD-9839 A & B)<br><input type="checkbox"/> Project Owner's/Borrower's Certification (Form HUD-9839 C) - For elderly housing projects managed by Administrators only |
|--|---|

## **SECTION 1 - INTRODUCTION AND GENERAL INFORMATION**

1. **DEFINITION OF INVITATION FOR BID** - This document, including attachments, exhibits, and any amendment thereto, constitute the Invitation for Bid (Invitation) for **King's Cove Apartments**, FHA Number; **084-35253**. PROPERTY AT A GLANCE, Attachment A to this Invitation, contains a summary of facts, figures, and most terms of the sale. This Invitation also includes a list of the forms necessary to complete a responsive bid.
2. **BID RESPONSIVENESS** - A bid must be responsive to the terms of the sale. To be considered for award, a bid must comply in all material respects with this Invitation. Each bid on its face shall be firm, unconditional, responsive, fixed in one amount certain, and not in the alternative. Special conditions, alterations, or deletions will render a bid non-responsive. The terms of the foreclosure sale are those set out in the Invitation for Bid, especially the Terms and Requirements of Foreclosure Sale - Acknowledgment by Bidder (Acknowledgment) and Foreclosure Sale Use Agreement. Lack of earnest money deposit, as required by this Invitation, will be cause for bid rejection.
3. **SALE TO HIGHEST QUALIFIED BIDDER** - Sale of this project will be made to the highest responsive, qualified Bidder.
4. **NO REDEMPTION PERIOD** - This sale is not subject to redemption by the previous owner.
5. **BID ACCEPTANCE OR REJECTION** - HUD reserves the right to reject any and all bids, to waive any informality in any bid received, and to reject the bid of any Bidder HUD determines lacks the experience, ability or financial responsibility needed to own and manage the project.
6. **CANCELLATION OF SALE** - HUD reserves the right to cancel this Invitation for Bid and/or reject any and all bids.
7. **BIDDER'S DUE DILIGENCE** - Bidders are encouraged to perform their own due diligence to gain a full understanding of the project and the conditions of sale before submitting a bid.
8. **POST-CLOSING REQUIRED REPAIRS** - Repair requirements that must be completed after closing, if applicable to this sale, are included in the Form HUD-9552, Post-Closing Repair Requirements, and Exhibits, Attachment E, to this Invitation. The repair requirements listed in Attachment E survive the sale and will be recorded with the Deed. **NOTE:** the Form HUD-9552 and exhibits reflect **cost estimates** of the required repairs.

**While care has been exercised to assure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the property is of such type and general character as might interest them in its purchase, and HUD makes no warranty as to the accuracy of such information. The failure of any Bidder to inspect, or be fully informed as to the condition of all or any portion of the property being offered, or condition of sale, will not constitute grounds for any claim, demand, adjustment, or withdrawal of a bid.**

9. **RECORDATION OF CERTAIN DOCUMENTS** - Attachment E, Post Closing Repair Requirements (Form HUD-9552) and attachments, if provided herein, and Attachment C, with riders, if provided herein, will be recorded with the Deed.
10. **SOURCE FOR ADDITIONAL INFORMATION** - Should you need further information, please call the contact person indicated in the Property at a Glance.

## **SECTION 2 - FORECLOSURE SALE PROCEDURES AND SUBMISSION OF BIDS**

1. **GENERAL** - In order to submit a responsive bid to this Invitation, a Bidder must submit the items indicated in this Section. All the required forms are listed.
2. **BIDDING AT THE FORECLOSURE SALE** -
  - (a) The foreclosure sale is an oral, open bid sale that takes place at the date, time and place indicated in the attached Property at a Glance.
  - (b) The Bidder must either:
    - (i) State a bid price orally at the sale, **or**

- (ii) Submit a written bid to the person that conducts the sale two (2) business days before the date of sale. Written bids, if received, will be read aloud at the sale before oral bids are accepted. Only the person that submitted the written bid, or an agent thereof may raise a written bid price. Please call the contact person indicated in the Property at a Glance for details regarding submitting a written bid.

3. **ITEMS THAT MUST BE SUBMITTED AT THE FORECLOSURE SALE**

- (a) Acknowledgment - Immediately after the foreclosure sale has been completed, the high Bidder must submit **ONE** signed copy of the Terms and Requirements of Foreclosure Sale - Acknowledgment by Bidder to the person that conducts the foreclosure sale.
  - (b) Earnest Money Deposit
    - (i) The earnest money deposit, for not less than the amount specified in the Property at a Glance, must be submitted prior to presenting an oral or written bid.
    - (ii) The deposit must be in the form of a money order, certified, cashier's or other banker's check payable to: **THE SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**
    - (iii) No other method of payment for the earnest money deposit is acceptable
    - (iv) A financial organization submitting a bid on its own behalf must have the earnest money deposit drawn on a separate financial organization.
    - (v) Lack of proper deposit will be cause for rejection of the bid by HUD.
    - (vi) Immediately following the sale, earnest money will be returned to those whose bids have been rejected.
4. **CORRECTIONS** - Any changes or erasures made to a written bid may be made by the Bidder only and must be initialed.
5. **TELEGRAPHIC OR FACSIMILE BIDS** - Telegraphic or facsimile bids and/or bid modifications will not be considered for award.
6. **VERBAL NOTIFICATION TO THE HIGH AND SECOND HIGH BIDDER** - The high and second high Bidder will be notified verbally of their bidding positions by the person that conducts the foreclosure sale immediately after the foreclosure sale is completed.
7. **REJECTION OF LOWER BIDS** - All bids other than the high bid will be rejected verbally at the foreclosure sale by the person that conducts the foreclosure sale.

**SECTION 3 - POST FORECLOSURE SALE PROCEDURES**

1. **CONTINUATION OF OFFERS** - The high bid shall be deemed to be a continuing offer from the time of the foreclosure sale until closing or bid rejection by HUD. The second high bid shall be deemed to be a continuing offer until execution of the Foreclosure Sale Use Agreement or until thirty (30) days after the foreclosure sale, whichever occurs first, unless HUD and the second high Bidder mutually agree to extend the offer. After the above activities have occurred, or the extension agreement has ended, the bid will be deemed to have expired.
2. **SUBMISSION OF POST-BID DOCUMENTS TWO (2) DAYS AFTER FORECLOSURE SALE** - Not later than two (2) Federal Government working days after being verbally notified at the foreclosure sale of being the high Bidder, the Bidder **must** submit the Previous Participation Certificate (Form HUD-2530) - for the proposed owner to the contact person identified in the Property at a Glance.  
**Failure to submit the required documents within the indicated time frame may be grounds for rejection of the bid.**
3. **QUALIFICATION, ACCEPTANCE, REJECTION OF BID**
- (a) HUD will review the high Bidder to determine if qualified to purchase the project.
    - (i) If HUD approves the high Bidder as being qualified, the high Bidder will be confirmed as and identified as the Purchaser.
    - (ii) If the high bid is rejected due to HUD's determination that the high Bidder is not qualified to purchase the project, HUD will notify the high Bidder in writing.

- (b) If HUD rejects the high Bidder, and the second high Bidder will be given twenty-four (24) hours to submit the earnest money deposit and will be reviewed to determine if qualified to purchase the project.
  - (i) If HUD approves the second high Bidder as being qualified, second high Bidder will be confirmed as and identified as the Purchaser.
  - (ii) If the second high bid is rejected due to HUD's determination that the second high Bidder is not qualified to purchase the project, HUD will notify the second high Bidder in writing.
- (c) HUD's notification of rejection due to lack of qualifications, if applicable, shall be deemed to be given when mailed to the individual indicated in the Terms and Requirements of Foreclosure Sale - Acknowledgment by Bidder.
- (d) The written rejection of the bid will be made as promptly as possible and generally within thirty (30) days after the date of the foreclosure sale.

**4. HANDLING OF THE EARNEST MONEY DEPOSIT**

- (a) The earnest money deposit of the high Bidder will be held until HUD determines the high bid/Bidder to be acceptable. If HUD does not accept the high bid, the high Bidder's earnest money will be refunded.
- (b) Interest will not be paid on earnest money deposits.

**5. SUBMISSION OF POST-BID DOCUMENTS TEN (10) DAYS AFTER FORECLOSURE SALE** - Not later than ten (10) Federal Government working days after being verbally notified at the foreclosure sale of being the high Bidder, the Bidder must, if checked below, submit additional information to the contact person listed in the Property at a Glance.

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Affirmative Fair Housing Marketing Plan (HUD Form 935.2)  | <input type="checkbox"/> Bidders Property Management Statement   |
| <input checked="" type="checkbox"/> Form HUD- 2530 for Purchasing Entity, if different from bidding entity  | The Bidder must complete and submit written statements of how the purchaser will:                                  |
| <input checked="" type="checkbox"/> Form HUD- 2530 for the Managing Agent, if Applicable  | (i) Satisfy the condition of the disposition;  |
| <input checked="" type="checkbox"/> Personal Financial and Credit Statement (HUD Form 92417) - For each proposed and/or principal general partner | (ii) Implement a sound financial and management program;   |
| <input checked="" type="checkbox"/> Management Entity Profile (Form HUD-  | (iii) Respond to the needs of the tenants and work cooperatively with resident                                     |
| <input checked="" type="checkbox"/> Management Certification (Form HUD- 9839 A & B)   | (iv) Provide adequate organizational staff resources to the project.   |
| <input type="checkbox"/> Project Owner's/Borrower's Certification Form 9839 C) - For elderly housing projects managed by Administrators only      | <input type="checkbox"/> Statement of the services, maintenance and utilities that the bidder proposed to provide. |

**FAILURE TO SUBMIT THE REQUIRED DOCUMENTS WITHIN THE INDICATED TIME FRAME MAY BE GROUNDS FOR REJECTION OF THE BID.**

- 6. **REVIEW OF PROJECT MANAGEMENT** - HUD may elect to discuss project management plans after submission of the post-bid documents by the high Bidder.
- 7. **CLOSING DATE REQUIREMENT** - The closing date will take place within the time period specified, in accordance with the Acknowledgment, Attachment B.
- 8. **EXTENSION OF CLOSING** - The right to extend the sales closing is expressly reserved by HUD as set forth in the Acknowledgment, Attachment B.

**SECTION 4 - CLOSING**

- 1. **EXECUTION OF USE AGREEMENT** - The Bidder must execute Attachment C, "Foreclosure Sale Use Agreement," at closing. HUD will then execute the Agreement.
- 2. **CLOSING DATE AND PLACE** - The closing date and place shall be as determined by the person that conducts the foreclosure sale and/or HUD. The Bidder will be notified of said date and place by the person conducting the foreclosure sale.

3. **CASH DUE AT CLOSING** - Cash due at closing is the remainder of the purchase price less the earnest money deposit received, plus or minus any prorations. Cash due at closing includes all initial deposits to reserve accounts, if applicable.
4. **PRORATIONS** - There will be no prorations except for the proration of property taxes prepaid by HUD, if any.
5. **CLOSING EXPENSES** - Irrespective of local custom, the Bidder shall pay all closing expenses, including, but not limited to, all documentary stamp taxes, all recording fees, and any costs in connection with a review of title or title insurance as may be requested by the Bidder.
6. **METHOD OF PAYMENT** - Cash due at closing shall be paid in the form of a money order, certified, cashier's or other bank check made payable to: **THE SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**, in accordance with the Acknowledgment, Attachment B.
7. **LETTER OF CREDIT** - If Post-Closing Repair Requirements described in Attachment E are included in this sale, the Bidder, at closing, shall provide HUD with an unconditional, irrevocable, and nondocumentary Letter of Credit (LoC), or a group of no more than five (5) LoCs, in the amount stated in the Property at a Glance. Such LoCs shall expire no earlier than six (6) months after completion of the stated required repairs. HUD will release the undrawn balance in the LoCs six (6) months after completion of repairs. Such undrawn balance shall be of an amount equal to ten percent (10%) of the original total amount of the LoCs.
8. **CONVEYANCE** - Conveyance of the project shall be by Special Warranty Deed from the person that conducts the foreclosure sale. The deed will not contain any warranty of title.
9. **RECORDATION OF DEED** - Either HUD or the Bidder (Purchaser) may record the Deed, at the discretion of the HUD Counsel. HUD shall record all other recordable documents. All recordation costs shall be at the expense of the Bidder (Purchaser).
10. **DOCUMENTS TO BE FURNISHED OR EXECUTED AT CLOSING**  
☒ **Foreclosure Sale Use Agreement**    ☒ **Letter(s) of Credit**    ☒ **Closing Statement**  
☐ **Other:**

## **SECTION 5 - DISCLAIMERS**

1. **DISCLAIMER**
  - (a) Bidders interested in purchasing this project are expected to acquaint themselves with the property, and to arrive at their own conclusions as to; physical condition, number and occupancy of revenue producing units, estimates of operating costs, repair costs (where applicable), and any other factors bearing upon valuation of the property. Any bid submitted shall be deemed to have been made with full knowledge of all the terms, conditions and requirements contained in this Invitation for Bid and in any Addendum hereof.
  - (b) While care has been exercised to assure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the property is of such type and general character as might interest them in its purchase, and HUD makes no warranty as to the accuracy of such information. The failure of any Bidder to inspect, or be fully informed as to the condition of all or any portion of the property being offered, or condition of sale, will not constitute ground for any claim or demand or adjustment or withdrawal of a bid.
2. **UNAUTHORIZED ORAL STATEMENT OR MODIFICATIONS** - Any oral statement or representation by any representative of HUD changing or supplementing this Invitation for Bid or Addendum hereof, or any condition hereof, is unauthorized and shall confer no right upon the Bidder (Purchaser).
3. **HUD LIABILITY** - In any case, with respect to any claim against HUD, the extreme measure of HUD's liability shall not, in any event, exceed refund of the purchase price, or such portion thereof as HUD may have received.



# Property at a Glance



## King's Cove 084-35253

ADDRESS: **101 King's Cove Rd.**  
**Camdenton, MO 65786**  
COUNTY: **Camden**

EARNEST MONEY: **\$25,000**  
LETTER OF CREDIT: **\$200,000**

SALES PRICE: **Unstated**  
TERMS: **30 Days to Close**  
SALE TYPE: **Foreclosure**

### PROPERTY INFORMATION

<b>Total Units</b>	<b>Residential</b>	<b>Commercial</b>	<b>Foundation:</b>	<b>Slab</b>
<b>48</b>	<b>Revenue 48</b>		<b>Roof:</b>	<b>Asphalt Shingles</b>
	<b>Non-Revenue</b>		<b>Exterior:</b>	<b>Stucco/Siding w/Cedar Trim</b>
			<b>Floors/Finish:</b>	<b>Carpet and Vinyl</b>

<b>Elevator</b>	<b>Garden</b>	<b>Walk-up</b>	<b>Townhouse</b>	<b>Scattered Sites</b>	<b>Service Center</b>	<b>Mobile Home Park</b>	<b>Nursing Home</b>	<b>Vacant Land</b>	<b>Other:</b>
	<b>X</b>								

<b>Number of Buildings</b>	<b>Stories</b>	<b>Year Built</b>	<b>Rehab Year</b>	<b>Site Acreage</b>	<b>Approximate Net Rentable Area</b>
<b>12</b>	<b>1 &amp; 2</b>	<b>1983</b>			<b>37,629</b>

### Mechanical Systems

<b>Heating:</b>	<b>Air Conditioning</b>
Fuel <b>Electric</b>	<b>Individual</b>
System <b>Individual</b>	Windows <b>Screen</b>
<b>Hot Water:</b>	
Fuel <b>Electric</b>	
System <b>Individual</b>	

### Utilities

Public Water	<b>X</b>
Gas Main	<b>X</b>
Electric	<b>X</b>
Sanitary Sewer	<b>X</b>
Storm Sewer	
Septic Tank	

### Parking

Street	<b>Asphalt</b>
Curb	<b>Concrete</b>
Sidewalk	<b>Concrete</b>
Parking Lot	<b>Asphalt</b>
Parking Spaces	<b>1 Lot</b>
	<b>79</b>

### Apartment Features

<b>X</b>	Air Conditioning
	Dishwasher
	Microwave
<b>X</b>	Garbage Disposal
<b>X</b>	Refrigerator
<b>X</b>	Range/Oven
<b>X</b>	Drapes/Blinds

### Community Features

	Garage
	Covered Parking
<b>X</b>	Laundry Facility
<b>X</b>	Cable/Sat Hookup
<b>X</b>	Playground
	Pool
	Community Space

### Owner Expense

#### Cold Water


### Tenant Expense

#### Hot Water

#### Electricity

#### Heat


### OCCUPANCY

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	90%	90%	86%	92%	86%	81%	85%	86%	81%	85%	86%	86%
2002	83%	86%	86%	86%	86%	90%	94%	92%	90%	86%	90%	86%

### ESTIMATED ANNUAL RENTAL INCOME:

Number of Units	Type	Approx Square Feet	Current Rent	Estimated /Possible After Sale Rent	Estimated /Possible Total After Sale Rent	Total Estimated/Possible Annual Income
20	1 BR	560	\$319	\$372	\$7,440	Rent \$293,184
12	2BR	888	423	496	5,952	Commercial 0
16	3BR	983	510	690	11,040	Parking 0
						<b>TOTAL \$293,184</b>
						<b>Estimated Annual Expenses</b>
						<b>Administrative \$67,476</b>
						<b>Utilities 15,000</b>
						<b>Operating 23,484</b>
						<b>Taxes/Insurance 33,936</b>
						<b>Reserve/Replace</b>
						<b>TOTAL \$139,896</b>
<b>TOTAL MONTHLY</b>					<b>\$24,432</b>	

### COMMENTS CONCERNING PROPERTY INFORMATION:

The "Current Rent" above represents rent amounts prior to foreclosure sale.

Estimated Possible After Sale Rents reflect current Voucher Payment Standards provided by the local housing authority.

Due diligence should be performed in advance of submitting a bid. While care has been exercised to ensure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the property is of such type and general character as to interest them in its purchase. HUD makes no warranty as to the accuracy of such information.

## USE RESTRICTIONS

**20** Years affordable housing. **NA** Years rent cap protection for **0** residents.

### TENANT BASED SECTION 8

Housing choice vouchers will be issued to eligible residents of the complex by the public housing agency (PHA), **Pulaski County Housing Authority**, selected to administer the voucher assistance by HUD. Housing choice vouchers are tenant-based assistance. Tenant-based assistance means that the subsidy follows the program participant and is not attached or connected to a specific project or unit. Therefore, the voucher assistance should never be considered a form of guaranteed rental subsidy for the property. The families are not obligated to use the housing choice vouchers at the property. Therefore, there will be no project-based subsidy at this property.

In addition, the processing of the voucher funding and the determination of family eligibility by the PHA may take several months following the closing of the sale. The PHA must also determine the owner's rent is reasonable and the unit meets the housing quality standards of the housing choice voucher program. If the rent is determined not to be reasonable in comparison to similar unassisted units in the market area, the family will have to move to receive voucher assistance. Voucher housing assistance payments for a unit may not under any circumstances cover any period before the date the PHA determines the unit meets the housing quality standards. Since the owner will not receive voucher housing assistance payments or increase the tenant's share of the rent during this period, bidders should take into consideration the time that may be necessary for voucher funding to become available, the PHA to determine family and unit eligibility, and the owner to complete any needed repairs when making an offer.

## TERMS OF SALE

The purchaser must complete the repairs to HUD's satisfaction within **12** months after closing. The repairs are estimated to cost **\$1,089,322**.

The purchaser must complete demolition to HUD's satisfaction within **NA** months after closing. The demolition is estimated to cost **\$0**.

Closing is to be held **30** days after HUD accepts the bid. If HUD authorizes an extension of the closing, the purchaser must pay a fee which is the greater of 1.5% of the purchase price or HUD's holding costs of **\$41.67** per unit per day for each 30 day period.

The deed restrictions, that the purchaser must conform to are as follows:

1. Affordability of Units
2. Required Rehabilitation and Relocation without Section 8,
3. Mitigate Lead Based Paint and Asbestos hazards,
4. Nondiscrimination Against Multifamily Section 8 Certificate and Voucher Holders
5. Required Repairs are required. A Letter of Credit in the amount of \$200,000 is required to ensure all required repairs are completed in the required timeframe.

### PROSPECTIVE BIDDERS SHOULD READ AND THOROUGHLY UNDERSTAND ALL INFORMATION PROVIDED HEREIN AND IN THE BID KIT PRIOR TO SUBMITTING A BID.

**This is an "All Cash – As Is" sale.** HUD is providing no financing for this sale. The purchaser must provide for payment of the full purchase price in cash at closing.

**Submission of Bids:** Bids for this property can only be considered for acceptance if submitted on the specific forms listed in the Bid Kit for this property, along with required earnest money. A Bid Kit may be obtained as indicated below.

**Suspended or Debarred Parties:** No consideration will be given to a bid submitted by any party currently suspended or debarred from participating in HUD programs. AS PROVIDED FOR IN 24 CFR, SEC. 27, THE DEFAULTING MORTGAGOR, OR ANY PRINCIPAL, SUCCESSOR, AFFILIATE, OR ASSIGNEE ON THE MORTGAGE AT THE TIME OF DEFAULT SHALL NOT BE ELIGIBLE TO BID ON OR OTHERWISE PURCHASE THIS PROPERTY. (Principal and Affiliate are defined at 24 CFR 24.105.)

### INSPECTION OF PROPERTY AND BIDDING INSTRUCTIONS

Prospective bidders are urged and invited to inspect the property prior to submitting a bid. Note: If this is a foreclosure sale, HUD may not have access to the property. Bids for this property can only be considered if properly submitted by following the bidding instructions provided in the FREE INFORMATION and BID KIT.

The FREE INFORMATION and BID KIT may be viewed or printed at [www.hud.gov/offices/hqs/mfh/pd/multifam.cfm](http://www.hud.gov/offices/hqs/mfh/pd/multifam.cfm). You may also sign up for our electronic mailing list at this web address. If you do not have access to the internet or can not download a PDF file, you may obtain a bid kit by calling (715) 273-2130, or faxing (715) 273-4769, or by email to [bkit@helmerprinting.com](mailto:bkit@helmerprinting.com).

### BIDS for King's Cove Apartments MUST BE PRESENTED ON:

June 25<sup>th</sup>, 2004  
at: 1:00 p.m. local time at:  
Camden County Courthouse  
East Front Door  
1 Court Circle  
Camden, MO 65020

### HUD OFFICE:

HUD/Texas State Office  
Ft. Worth MF PD Center  
801 Cherry Street  
Ft. Worth, TX 76102

### REALTY SPECIALIST:

Becky Al-Rubaie  
Phone : (817) 978-5815  
[becky\\_s.\\_al-rubaie@hud.gov](mailto:becky_s._al-rubaie@hud.gov)



## ATTACHMENT B

### TERMS AND REQUIREMENTS OF FORECLOSURE SALE - ACKNOWLEDGMENT BY BIDDER

#### PART I

BID PRICE - The Undersigned, \_\_\_\_\_, (the "Bidder") submits a bid of \_\_\_\_\_ dollars (\$) at the foreclosure sale of King's Cove Apartments (the "Project", the legal description of which is included as Exhibit A, to be paid as follows:

1. \$ 25,000 in the form of a money order, cashier's or other bank check, as earnest money, which has been paid at the foreclosure sale to the person that conducts the foreclosure sale, and which shall not earn interest (the "Deposit"), **and**
2. \$ \_\_\_\_\_ the balance, to be paid by the Bidder at Closing, in the form of a cashier's or other bank check in accordance with this Acknowledgment. The Closing will be held at a place, date and time established in accordance with Section 4 below (the "Closing").
3. In addition to the above, the Bidder will be required to pay at Closing all closing costs, regardless of local custom, and, where applicable, other deposits to reserve and/or letters of credit as described in Riders incorporated herein, the Invitation for Bid (Invitation), and the Foreclosure Sale Use Agreement (Use Agreement).

#### PART II

If selected as the high Bidder at or after the foreclosure sale, the Bidder, by executing this document (the "Acknowledgment"), acknowledges that the Bidder must comply with the following requirements as a condition to purchasing the Project:

1. ACKNOWLEDGMENT OF TERMS - Bidder affirms to have full knowledge of the all terms, conditions and requirements contained in this Acknowledgment and documents referred to herein, the invitation and Attachments, and the Notice of Default and Foreclosure Sale. Bidder must execute this document.
2. EXECUTION OF USE AGREEMENT - At Closing, Bidder will, in addition to any other documents, execute the Foreclosure Sale Use Agreement and all of the Exhibits to the Use Agreement as contained in the Invitation to Bid. Such documents will control the use of the Project for a specified period and will be recorded with the Deed and run with the land.
3. PREVIOUS PARTICIPATION CERTIFICATION - The high Bidder **must** submit within two (2) business days of the foreclosure sale, a completed and executed Previous Participation Certification (Form HUD-2530) for the proposed owner to the HUD Field Office contact stated in the Property at a Glance, Attachment A to the Invitation to Bid.
4. ESTABLISHMENT OF CLOSING DATE, TIME AND PLACE
  - (a) Time is of the essence.
  - (b) HUD will notify the Bidder and the person conducting the foreclosure sale (the "Foreclosure Official") after HUD determines that the Bidder has been approved to purchase this project under the Previous Participation Certification procedure. The Foreclosure Official will establish a time and date for the Closing. The Closing **shall be within thirty (30) days of such notification**, unless extended pursuant to Section 8.
  - (c) The Closing will take place at the HUD office stated in the Invitation or at such other place as may be agreed upon between HUD and the Foreclosure Official.
5. CLOSING, CLOSING EXPENSES AND TRANSFER OF POSSESSION
  - (a) The sale shall be effective upon Closing.
  - (b) Bidder (Purchaser) shall pay all closing costs and expenses irrespective of local custom.
  - (c) Transfer of title to and possession of the Property shall become effective as of the Closing.
6. PAYMENT OF PURCHASE PRICE AT CLOSING - The Bidder (Purchaser) shall pay the balance at Closing in the form of a cashier's or other bank check made out to:

#### **THE SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

The Closing will be held at a place, date and time established in accordance with Section 4 above.

7. LIQUIDATED DAMAGES - Should Bidder fail or refuse to perform all obligations under this Acknowledgement for any reason including, but not limited to, failure to establish the legal entity that is to take title in a timely manner that permits Closing within the deadline set forth in Section 4, the earnest money deposit and any extension fees, paid under Section 8, shall be remitted to and retained by HUD as liquidated damages.
8. EXTENSION FEES – Extensions of time to close the sale are within HUD’s sole and absolute discretion. Any extensions, if granted, will be on the following conditions:
  - (a) A written request for an extension must be received at the HUD office located at: Department of Housing and Urban Development, 801 Cherry Street, Ft. Worth, TX 76102 within **fifteen (15)** days prior to the prescribed closing date, or within any extension period and **must be accompanied by the payment** of the required extension fee. The request must state the reason for Bidder’s inability to close the sale within the initial period or any extended period.
  - (b) Extensions shall be for thirty (30) days.
  - (c) For each thirty (30) day period requested by Bidder and approved by HUD, extension fees shall be equal to \$ **41.67**, per unit, per day, which is **\$2,000.16** daily, a cost of \$ **60,004.80**, which covers the 30-day period (the holding cost for such period) or one and one-half percent (1.5%) of the purchase price, whichever is greater.
  - (d) These fees shall be retained by HUD and shall not be credited to the amount due from Bidder at Closing. However, if Bidder closes prior to the expiration of an extension period, the prorated amount of the extension fee, for the unused portion of the extension period, shall be credited toward the amount due from Bidder at Closing.
  - (e) The granting of one or more extensions shall not obligate HUD to grant additional extensions.
  - (f) If any form or instrument required by HUD is not submitted within sufficient and reasonable time for HUD’s review or processing and such delay necessitates an extension of the Closing deadline, an extension fee must be paid for this period.
  - (g) Extension Fees must be submitted by money order, certified, cashier’s or other bank check acceptable to HUD.
9. BIDDER RESTRICTIONS
  - (a) No Member of/or Delegate to Congress, resident commissioner, or local elected official, shall be admitted to any share or part of this sale, or to any benefit arising from it. However, this provision does not apply to this sale to the extent that this sale is made with a corporation for the corporation’s general benefit.
  - (b) If Bidder is, or becomes suspended, debarred, or temporarily denied from participating in HUD programs prior to closing, this sale shall be terminated. In addition, if such suspension, debarment or temporary denial of participation occurs either before or after Bidder’s execution of this Acknowledgment, any extension fees paid under Section 8 shall be retained by HUD as liquidated damages.
  - (c) Pursuant to 24 CFR Part 27 Section 20(f), the defaulting mortgagor, or any principal, successor, affiliate, or assignee thereof, on the multifamily mortgage being foreclosed, shall not be eligible to bid on, or otherwise acquire, the property being foreclosed by the Department under this subpart or any other provision of law. A “principal” and an “affiliate” are defined as provided at 24 CFR 24.105.
10. AS-IS SALE; NO REPRESENTATIONS
  - (a) Bidder shall accept the Property “as is.” HUD makes no representations or warranties concerning the physical condition of the Property. In addition, HUD does not represent or warrant the number and occupancy of revenue producing units, or any factor bearing upon the value of the Property.
  - (b) Bidder acknowledges that the purchase price set forth in this Acknowledgment is based on Bidder’s evaluation of the project and not upon any representations by HUD. Bidder’s failure to inspect, or to be fully informed as to any factor bearing upon the valuation of the Property, shall not affect the liabilities, obligations or duties of HUD, nor be a basis for termination of this sale or for the return of any extension fees paid pursuant to Section 8.
11. RISK OF LOSS AND RIGHTS OF RESCISSION - In the event of any substantial damage to the Project prior to closing by any cause including, but not limited to, fire, flood, earthquake, tornado and significant vandalism other than willful acts or neglect, HUD, in its sole discretion, may negotiate with the Bidder for a reduction in the sales price corresponding to the estimated amount of damages. Such damages shall be added to the Post-Closing repair requirements, HUD Form - 9552 included in

the Invitation. If HUD and the Bidder are unable to agree on the amount by which the purchase price should be reduced or on the amendment to the repair requirements, Bidder may withdraw the bid, in which case HUD will direct the return of the earnest money deposit and any extension fee(s) will be returned.

## 12. PRORATIONS

- (a) Except as set forth in paragraph (b) below, there will be no prorations at Closing. The Bidder will be responsible only for those expenses incurred at the Project after Closing.
- (b) At Closing, the Bidder will pay the Foreclosure Official a prorata share of any property taxes on the Project which have been paid for a period of time ending after the date of Closing. The Bidder will be responsible for paying in full, all taxes, that come due after Closing. Taxes paid by the Bidder after Closing will not be prorated, even if those taxes are for a period which began prior to Closing.
- (c) No later than fifteen (15) days before Closing, HUD will notify the Bidder of the amount the Bidder is to pay the Foreclosure Official as the prorata share of taxes.

## 13. SECURITY DEPOSITS - APPLICATION AS CHECKED:

- ☒ Notwithstanding State or local law, the Bidder will receive only those security deposits which are on hand at the Project on the date of Closing. The Bidder will assume all liability under State and local law with respect to security deposits.
- ☐ Any security deposits collected from tenants and paid over to HUD prior to the Closing shall be transferred and assigned to Bidder within fifteen (15) days after the closing, with the of security deposits which have been forfeited by the tenant in accordance with the terms of tenant's lease. Notwithstanding State and local law, no other security deposits collected from will be transferred by HUD to Bidder and HUD has no other liability under State and local law respect to security deposits. Bidder agrees to assume all responsibility and liability under local law with respect to the collection, application and return of security deposits.

## 14. LIMITATION OF LIABILITY - Notwithstanding any other provisions of this sale, HUD's liability shall not exceed the amount of funds paid by Bidder to HUD and/or the Foreclosure Official hereunder.

## 15. ANTI-COLLUSION CERTIFICATION

- (a) The Bidder certifies:
  - (i) The bid price in this offer has been arrived at independently, without (for the purposes of restricting competition) any consultation, communication, or agreement with any other Bidder relating to:
    - a. the bid price;
    - b. the intention to submit a bid price; **or**
    - c. the methods or factors used in calculating the bid price offered;
  - (ii) The bid price in this offer has not been and will not be knowingly disclosed by the Bidder, directly or indirectly, to any other Bidder or competitor before or during the actual time of the bid event, unless otherwise required by law; **and**
  - (iii) No attempt has been made or will be made by the Bidder to induce any other Bidder to submit or not to submit a bid price for the purpose of restricting competition.
- (b) If the bid procedure requires or permits written bids, each signature on the offer is considered to be certification by the signatory that the signatory:
  - (i) Is the person in the Bidder's organization responsible for determining the bid price being offered in this bid and that the signatory has not participated and will not participate in any action contrary to paragraph (a) above; **or**
  - (ii) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to paragraph (a), above;

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Organization responsible  
for determining price \_\_\_\_\_

- a. As an authorized agent, does certify that the principals named in the above have not participated, and will not participate, in any action contrary to paragraph (a) above; and
- b. As agent, has not personally participated, and will not participate, in any action contrary to paragraph (a) above.

16. FAILURE TO COMPLY - Upon the failure or refusal of the Bidder to comply with any of the requirements listed above, HUD may declare the Bidder ineligible to purchase the Project, in which case Bidder shall forfeit the earnest money deposit and any extension fees paid.
17. SEVERABILITY - If for any reason one or more of the provisions contained in the Invitation, including this Acknowledgment, the Use Agreement, or any other attachments or exhibits thereto, shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision(s) of the Invitation, but the Invitation shall be construed as if such invalid, illegal or unenforceable provision(s) had never been included therein.
18. FORMS - All forms and instruments referred to in this Acknowledgment are the standard Form HUD and instruments prepared by HUD and used by HUD in the jurisdiction in which the Property is located and shall contain such additional covenants and conditions required by the Invitation for Bid or Request for Proposals.
19. EXECUTION
  - (a) By signature below, Bidder indicates acknowledgment of and agreement to the terms and requirements of this foreclosure sale.
  - (b) In the case of a bid submitted by an agent or representative of the Bidder, the signatory attests to be duly authorized to submit the bid on behalf of the Bidder and to execute this Acknowledgment.

WARNING: It is a crime to knowingly make false statements to the United States in this document or any other document related to this sale. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code, Section 1001 and Section 1010.

Executed by the Bidder on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Witness:\_\_\_\_\_ By:\_\_\_\_\_

Typed Name:\_\_\_\_\_ Typed Name:\_\_\_\_\_

Address:\_\_\_\_\_

City, ST

Zip:\_\_\_\_\_

Phone No. with Area Code:(\_\_\_\_)\_\_\_\_\_-\_\_\_\_\_

RIDER 1 OF 2  
**SUBMISSION OF DOCUMENTS PRIOR TO CLOSING**

1. Not later than two (2) Federal Government working days after being verbally notified at the foreclosure sale of being the high Bidder, the Bidder must submit the documents checked below to the contact person identified in the Property at a Glance, Attachment A.
  - ☒ Previous Participation Certificate (Form HUD-2530) - For the Proposed Owner
2. To demonstrate ability to meet these requirements, the Bidder must submit to the HUD Office contact identified in the Property at a Glance, Attachment A to the Invitation, the executed documents and information checked below no later than ten (10) days after the Bidder has been verbally notified, with follow-up written confirmation, of the selection as high-Bidder and may be selected to purchase the Project:
  - ☒ Affirmative Fair Housing Marketing Plan (HUD-935.2)
  - ☒ New Previous Participation Certification (HUD-2530) for purchasing entity if different from bidding entity/individual (i.e., partnership, corporation, etc.).
  - ☒ Form HUD-2530 for the Managing Agent, if applicable
  - ☒ Personal Financial and Credit Statement (HUD-92417) for each principal and general partner.
  - ☒ Management Entity Profile (HUD-9832)
  - ☒ Management Certification (HUD-9839 a and b)
  - ☐ Project Owner's/Borrower's Certification (HUD-9839 c) - For elderly housing projects managed by Administrator only
  - ☐ Bidder's Property Management Statement
    - The Bidder must complete and submit written statements of how the Bidder will:
    - Satisfy the conditions of the disposition;
    - Implement a sound financial and physical management program;
    - Respond to the needs of the tenants and work cooperatively with resident organizations; and
    - Provide adequate organizational staff and resources to the project.
  - ☐ Statement of the services, maintenance and utilities that the Bidder proposes to provide.
3. If applicable, within a reasonable time prior to closing, the Bidder must also meet at the HUD office listed in the Invitation with officials designated by HUD to discuss the Bidder's plans for managing the project. If HUD determines that the Bidder is unqualified to self-manage the Project, HUD may require the Bidder to obtain the services of a qualified property management firm. The Bidder must then provide HUD with evidence that it has retained a qualified property management firm prior to Closing. If the Bidder does not meet this obligation, HUD may reject the bid and retain the Bidder's earnest money deposit.

RIDER 2 OF 2  
**POST-CLOSING REPAIR REQUIREMENTS**

REPAIR ESCROW

At Closing, Bidder shall provide to HUD an unconditional, irrevocable and non-documentary Letter of Credit (LoC), satisfactory to HUD, in the amount of **\$200,000.00**, with an expiration date at least six (6) months beyond HUD's estimated date for completion of repairs, to assure completion of the repairs required by the Invitation for Bid. In the event an extension for completion of repairs is granted, the LoC will be extended accordingly.

Significant repair/rehabilitation programs may be staged upon HUD approval. If repair/rehabilitation is staged, as agreed upon between the Bidder and HUD prior to Closing, up to five (5) LoCs, which represent the full LoC requirement, may be permitted. LoCs may be returned as the Bidder completes repairs and HUD has inspected and accepted the repairs. The final LoC must represent at least ten percent (10%) of HUD's total estimated repair costs and must have an expiration date that extends six (6) months beyond the completion of repair date. HUD may cash this LoC and apply the funds to correct latent defects in the completed repairs.

**ATTACHMENT C**  
**FORECLOSURE SALE USE AGREEMENT**

This Agreement is entered into by \_\_\_\_\_ ("Purchaser") and the Secretary of Housing and Urban Development ("Secretary" or "HUD").

WHEREAS, pursuant to the provisions of the Multifamily Mortgage Foreclosure Act, 12 U.S.C. Sections 3701 et seq. (the "Act"), and the Department of Housing and Urban Development's regulations thereunder at 24 C.F.R. Part 27, the Secretary has elected to exercise the nonjudicial power of sale provided under the Act, or pursuant to a judicial foreclosure the Secretary has elected to apply Section 367(b) of the Act, with respect to King's Cove Apartments, HUD Project No. 084-35253, (the "Project" or the "Property") a legal description of which is attached as Exhibit "A"; **and**

WHEREAS, pursuant to the Act and to provisions of 12 U.S.C. Section 1701z-11 et seq., Management and Preservation of HUD-Owned Multifamily Housing Projects, and the Department of Housing and Urban Development regulations thereunder at 24 CFR Part 290, the Secretary has authority to impose certain use restrictions, as set forth in this Agreement, on the property subject to a mortgage held by the Secretary that is sold at foreclosure to a purchaser other than HUD; **and**

WHEREAS, by Deed executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, the Project has been conveyed to the Purchaser;  
**and**

NOW THEREFORE, in consideration of the mutual promises set forth herein and in further consideration of the sale of the Project to the Purchaser, the parties agree as follows:

1. **TERM OF AGREEMENT** - This Agreement shall be in effect,  
☒ twenty years from the date of this Agreement **or** ☐ until \_\_\_\_\_
2. **CONVEYANCE OF PROJECT**  
This paragraph ☒ **is** ☐ **is not** applicable for this property  
During the term of this Agreement, any conveyance of the project must have prior written approval of HUD. HUD's approval of conveyance and/or the proposed purchaser's management of the property will be based on information provided in written statements of how the purchaser, or any subsequent purchaser, in consideration of any and all existing use restrictions, will:  
(a) implement sound financial and physical management program;  
(b) respond to the needs of the tenants and work cooperatively with resident organizations;  
(c) provide adequate organizational staff and resources to manage the project.
3. **SUBJECT TO EXAMINATION** - The Project shall at all times,  
(a) be maintained in decent, safe and sanitary condition to the greatest extent possible,  
(b) maintain full occupancy to the greatest extent possible,  
(c) be maintained as rental housing for the term of this Agreement.  
  
At the request of the Secretary, Purchaser must supply evidence by means of occupancy reports, physical condition reports, reports on operations, or any evidence as requested to ensure that the above requirements are being met.
4. **UNIT NUMBER OR USE CHANGE** - Changes to the use, number, size, or configuration of residential units in the Project; e.g., apartment units, beds in a care facility, from the use as of the date of this Agreement, must receive the written prior approval of HUD.
5. **NON-DISCRIMINATION REQUIREMENTS** - The Purchaser will comply with the provisions of all Federal, State, or local laws prohibiting discrimination in housing.
6. **HAZARD INSURANCE** - Hazard insurance shall be maintained in an amount to ensure that the Purchaser is able to meet the rental housing requirements described in this Agreement.

7. **DESTRUCTION OF PROJECT** - In the event that any or all of the Project is destroyed or damaged by fire or other casualty, the money derived from any insurance on the Project shall be applied to rebuild or replace the property destroyed or damaged, unless the Secretary gives written approval to use insurance proceeds for other purposes.
8. **DEMOLITION OF PROJECT PROPERTY** - The Purchaser will not demolish any part of the Project or withdraw any part of the Project from use (except as temporarily necessary for routine repairs), without the prior written approval of HUD.
9. **REMEDIES FOR NONCOMPLIANCE** - Upon any violation of any provision of this Agreement by the Purchaser, HUD may give written notice thereof to the Purchaser by registered or certified mail, addressed to the address stated in this Agreement, or such other address as subsequently, upon appropriate written notice thereof to the Secretary, may be designated by the Purchaser as its legal business address. If such violation is not corrected to the satisfaction of the Secretary within thirty (30) days after the date such notice is mailed or within such further time as HUD reasonably determines is necessary to correct the violation, without further notice, HUD may declare a default under this Agreement and may apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of this agreement, for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Agreement, and/or such other relief as may be appropriate, since the injury to the Secretary arising from a default of the terms of the Agreement would be irreparable and the amount of damage would be difficult to ascertain.

The availability of any remedy under the Agreement shall not preclude the exercise of any other remedy under any provision of the law, nor shall any action taken in the exercise of any remedy be considered a waiver of any other rights or remedies. Failure to exercise any right or remedy shall not construe a waiver of the right to exercise that or any other right or remedy at any time.

10. **SUCCESSORS AND ASSIGNS** -This Agreement is binding upon the Purchaser's heirs, successors and assigns. The Purchaser agrees that if title to the Project is conveyed during the term of this Agreement, the Purchaser will require its purchaser to assume in writing its obligations under this Agreement.
11. **RESTRICTIONS** - No Member of Congress or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of the benefits of the Use Agreement, but this provision shall not be construed to extend to this Use Agreement if the Use Agreement is made with a corporation for its general benefit.
12. **CONTRADICTORY AGREEMENTS** - The Purchaser certifies that it has not, and agrees that it will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions of this agreement, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth herein and supersede any other requirements in conflict with this Agreement.
13. **SEPARABILITY** - The invalidity of any provision of this Agreement shall not affect the validity of the remaining provisions hereof.
14. **AMENDMENT** - This Agreement may be amended by the mutual written consent of the parties, except those provisions required by statute.
15. **RIDERS TO THE USE AGREEMENT** - The Riders checked and initialed by the parties are attached to and incorporated into this Use Agreement and will be placed in the Deed to run with the land.

- ☒ Affordability of Units
- ☒ Rehabilitation and Relocation
- ☒ Lead-Based Paint Hazards
- ☒ Asbestos Hazards
- ☒ Nondiscrimination Against Multifamily Section 8 Certificate and Voucher Holders

- ☐ Two Year Rent Protection for Pre-Existing Very- Low Income Tenants
- ☐ Historic Preservation
- ☐ Mobile Home Park
- ☐ Retirement Service Center
- ☐ Other:
- ☐ Other:



IN WITNESS WHEREOF:

The Purchaser has executed this Use Agreement in triplicate this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

WITNESS:

\_\_\_\_\_

\_\_\_\_\_

PURCHASER:

\_\_\_\_\_  
By: Signature

\_\_\_\_\_  
Typed Name of Purchaser

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State, Zip Code

The U.S. Department of Housing and Urban Development (HUD) has executed this Use Agreement in triplicate this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

WITNESS:

\_\_\_\_\_

\_\_\_\_\_

FOR: THE SECRETARY OF HOUSING  
AND URBAN DEVELOPMENT

BY: \_\_\_\_\_

\_\_\_\_\_  
Official's Typed Name

\_\_\_\_\_  
Title

## Exhibit A

### Legal Description

KINGS COVE APARTMENTS  
CAMDENTON, CAMDEN COUNTY; MISSOURI  
FHA # 084-35253

All that part of Tracts 38 and 39 in LAKE DRIVE ADDITION TO CAMDENTON, MISSOURI, a subdivision in Camden County, Missouri, according to the plat thereof filed and of record in the Office of the Recorder of Deeds, Camden County Missouri, described as follows: From the North Corner of said Tract 39, run in a Southwesterly direction along the Southeasterly right of way line of U. S. Highway No. 54, a distance of 720.0 feet for the point of beginning; thence South 45 degrees 07' West along said Southeasterly Right-of-way line, a distance of 307.0 feet, thence leaving said Southeasterly Right-of-way line and run South 44 degrees 53' East 1055.9 feet to the East line of said Tract 38 in Lake Drive Addition to Camdenton, Missouri, thence North along said East line of said Tracts 38 and 39, a distance of 595.1 feet to an iron pipe, thence North 0 degrees 10' West along said East line of Tracts 38, and 39, a distance of 438.6 feet to an iron pipe, thence leaving said East line of Tract 39 and run North 44 degrees 40' West 113.7 feet to the Eastern most corner of the Emanuel Blair Property as described in the Warranty Deed recorded in Book 94 at page 503, thence South 45 degrees 07' West along the Southeast line of said Emanuel Blair property, 420.0 feet to the Southern most corner of Emanuel Blair property, thence North 44 degrees 53' West along the Southwest line of the Emanuel Blair property, a distance of 210.0 feet to the point of beginning together with appurtenant sewer easement recorded in Book 232 at page 204.

RIDER 1 OF 5  
**AFFORDABILITY OF UNITS**

The Deed shall contain the following provision:

**Use Restriction**

1. The Purchaser (Owner) **must maintain the property as affordable housing** for a period of twenty (20) years after the date of this Deed or such earlier time as the Secretary may specify in writing (the "Restricted Period").
2. Any change to the number or configuration of residential units required to be maintained, as affordable housing must receive prior written approval from HUD.
3. The Purchaser (Owner) will not unreasonably refuse to lease units to, or otherwise discriminate against, very low-income families.

**Income Eligibility Limitation**

1. During the Restricted Period, the Purchaser (Owner) may not market 48 dwelling units for any purpose other than affordable housing without HUD's prior written approval. The Purchaser (Owner) may only rent the affordable units to families with adjusted gross annual incomes that do not exceed 80 percent of the area median income, adjusted for smaller and larger family size.

**Maintenance of Rents at Affordable Levels**

1. For **current** tenants, affordable means **the least of:**
  - (a) for a unit occupied by a very-low income family, the unit rent does not exceed thirty percent (30%) of fifty percent (50%) of the area median income, not necessarily the income of the family, as determined by HUD, with adjustments for smaller and larger families, less a reasonable utility allowance for utilities paid by the tenant; **or**
  - (b) for a unit occupied by a low-income family that is not a very low-income family, the unit rent does not exceed thirty percent (30%) of eighty percent (80%) of the area median income, (not necessarily the income of the family, as determined by HUD, with adjustments for smaller and larger family size, less a reasonable utility allowance for utilities paid by the tenant; **or**
  - (c) the Section 8 Voucher Payment Standard less the utility allowance established by the voucher provider; **or**
  - (d) Market Rent in the immediate area established by a rent comparability study prepared, at the Purchaser/Owner's expense, in accordance with HUD requirements.
2. For **new, or turnover** tenants, affordable means **the least of:**
  - (a) the unit rent does not exceed thirty percent (30%) of eighty percent (80%) of the area median income (not necessarily the income of the family), as determined by HUD, with adjustments for smaller and larger family size, less a reasonable utility allowance for utilities paid by the tenant; **or**
  - (b) the Section 8 Voucher Payment Standard (less the utility allowance established by the voucher provider; **or**
  - (c) Market Rent in the immediate area established by a rent comparability study prepared, at the Purchasers's/Owner's expense, in accordance with HUD requirements.

**Annual certification**

The Purchaser (Owner) shall certify to HUD annually, in a manner acceptable to HUD, that the requirements in the above paragraphs have been fulfilled.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER\_\_\_\_\_

SECRETARY OF HOUSING AND URBAN DEVELOPMENT\_\_\_\_\_

**REQUIRED REHABILITATION AND RELOCATION WITHOUT SECTION 8**

The Use Agreement includes the following provisions:

Rehabilitation and Relocation Restriction

The Purchaser covenants to comply with Section 203(f) of the Housing and Community Development Amendments of 1978, as amended, 12 USC §17012-11(f), and the regulations thereunder, 24 CFR § 290.17, as explained in paragraphs 2 through 5, below. Additionally, the Purchaser covenants to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 USC §4601, and the regulations thereunder, 49 CFR Part 24. The Purchaser is responsible for ensuring compliance with the Act and Regulations, notwithstanding any contractual obligations with third parties to comply with the Act and Regulations.

1. The Purchaser covenants that the Property will be rehabilitated within twelve(12) months from the date of this Use Agreement in accordance with all applicable State and local laws, codes, ordinances and regulations, and Housing Quality Standards pursuant to 24 CFR Part 887, 982, and other requirements set forth in any repair summaries and narratives, attached hereto.
  - (a) If the Purchaser cannot complete the repairs within the required time, thirty (30) days prior to the expiration of the time allowed a written request for an extension must be delivered to HUD stating the reason for the Purchaser's inability to complete the repairs.
  - (b) The granting of one or more extensions shall not obligate HUD to grant additional extensions.
  - (c) Extensions of time to complete repairs are within HUD's sole and absolute discretion.
2. If temporary or permanent relocation is necessary because of such rehabilitation, Purchaser covenants to provide advance written notice of the expected displacement. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
3. If temporary relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance to tenants in locating a decent, safe and sanitary dwelling/housing unit, which, to the extent feasible, shall be in a location not generally less desirable than the Property, and reimburse tenants for:
  - (a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.
  - (b) Expenses of returning to a repaired unit on the Property.
4. If permanent relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance, as described below, to tenants, as may be appropriate:
  - (a) Advisory services, necessary to locate decent, safe and sanitary and affordable replacement housing, which, to the extent feasible, shall be in a location not generally less desirable than the Property.
  - (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by HUD to be reasonable considering the size of the household and the circumstances surrounding the move. **HUD will not provide the Purchaser with any funds or subsidy with which to make the payments required by this paragraph.**
5. The Purchaser covenants not to increase the rent for any unit, from the rent HUD is requiring a tenant to pay on the Closing date, until such unit meets all the rehabilitation requirements set forth in paragraph 1, above.
6. To ensure completion of required repairs that are to be completed by the Purchaser, the Purchaser has delivered to the Secretary an unconditional, irrevocable and non-documentary Letter of Credit (LoC), in the amount of \$ 200,000, which shall remain in effect and may be drawn on by the Secretary for at least eighteen (18) months, 6 months past the deadline for repairs stated above, from the date of this Agreement.

In the event an extension for completion of repairs is granted, the LoC's will be extended accordingly. If the repairs are not completed to the satisfaction of HUD within the time period specified in this Section, HUD may, in its sole discretion, cash any LoC and seek remedies provided in the attached Use Agreement, as the Secretary deems appropriate. If HUD cashes the Purchaser's LoC as a remedy for the Purchaser's default under the repair program, HUD may apply

the funds so obtained to complete the repairs or for such other Project purposes as the Secretary deems appropriate.

7. Significant repair/rehabilitation programs may be staged upon HUD approval. If repair/rehabilitation is staged, as agreed upon between the Bidder and HUD prior to Closing, up to five (5) LoCs, which represent the full LoC requirement, may be permitted. The LoCs must have an expiration date that extends beyond HUD's repair completion date by at least six (6) months. LoCs may be returned as the Bidder completes repairs and HUD has inspected and accepted the repairs. The final LoC must represent at least ten percent (10%) of HUD's total estimated repair costs and must have an expiration date that extends six (6) months beyond the completion of repair date. HUD may cash this LoC and apply the funds to correct latent defects in the completed repairs.
8. If the Purchaser fails to comply with paragraph 1 above, and no extension by written agreement has been granted by HUD, the Secretary and/or any and all successors in the office shall be entitled to exercise any available remedies including the right to enter and terminate the estate hereby conveyed.
9. If the Purchaser fails to repair the Project in accordance with this Contract, the Secretary will not exercise the remedies as described in Section 8 above, if any lender holding a lien or security interest on the Project:
  - (a) Gives written notice to HUD within the period provided for repairs, that it intends to complete the repairs, **and**
  - (b) Completes such repairs within thirty (30) days of the notice or within such longer periods as HUD may approve in writing.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER\_\_\_\_\_

SECRETARY OF HOUSING AND URBAN DEVELOPMENT\_\_\_\_\_

RIDER 3 OF 5  
**LEAD-BASED PAINT HAZARDS**

The Deed shall include the following provisions:

1. In order to comply with 42 USC §§4821-4886 and the regulations thereunder, 24 CFR Part 35, Subpart I (the "Regulations");

☒ Purchaser covenants that the Property will be inspected and tested for lead-based paint, and any hazards will be abated in accordance with the Regulations.

☒ Purchaser covenants that any lead-based paint hazards will be abated in accordance with the Regulations.

Purchaser shall certify to Seller (in a form acceptable to Seller) and Seller shall determine, through inspection (or discretion, the inspection and certification of a local government official) that all lead-based paint hazards have been removed from the Property in accordance with the Regulations

2. Purchaser understands and agrees that Seller's inspection and finding of satisfactory performance is not intended to and does not constitute a guarantee that all lead-based paint and all potential lead-based paint hazards have been eliminated from the Property and does not relieve Purchaser of its ongoing responsibility for complying with all applicable State and local lead-based paint laws and regulations.
3. Purchaser agrees to indemnify, defend, and hold Seller harmless from any liability arising by reason of Purchaser's failure to perform Purchaser's obligations under this Deed with respect to the elimination of lead-based paint health hazards, the prohibition against the use of lead-based paint, and Purchaser's responsibility for complying with applicable State and local lead-based paint laws and regulations.
4. If temporary or permanent relocation is necessary because of such abatement, Purchaser covenants that it will comply with paragraphs 5 through 8, below. Additionally, the Purchaser covenants that it will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ("Act"), as amended, 42 USC §4601, and the regulations thereunder, 49 CFR Part 24, when Project-based Section 8 assistance is provided by the Seller. The Purchaser is responsible for ensuring compliance with the Act and regulations thereunder, notwithstanding any contractual obligations with third parties to comply with the Act and regulations. Purchaser covenants to provide advance written notice of the expected displacement to the residents. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
5. If temporary relocation is necessary because of such abatement, Purchaser covenants to provide assistance to tenants in locating decent, safe and sanitary housing
- (a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.
  - (b) Expenses of returning to a repaired unit on the Property.
6. If permanent relocation is necessary because of such abatement, Purchaser covenants to provide assistance, as described below, to tenants, as may be appropriate:
- (a) Advisory services, necessary to locate decent, safe and sanitary and affordable replacement Housing which, to the extent feasible, shall be in a location not generally less desirable than the Property.
  - (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by Seller to be reasonable considering the size of the household and the circumstances surrounding the move.

7. The Purchaser covenants not to increase the rent for any units, from the rent Seller is requiring a tenant to pay on the Closing date, until such unit meets all the abatement requirements set forth in paragraph 1, above. (In addition, rent for units to be covered by a Housing Assistance Payments Contract may be increased only pursuant to and following execution of such Contract.)
8. Purchaser agrees to comply with Section 35.88 "Disclosure Requirements for Sellers and Lessors" and Section 35.92 "Certification and Acknowledgement of Disclosure" of 24 CFR – *Lead-Based Paint Poisoning Prevention in Certain Residential Structures*.
9. If Purchaser fails to comply with paragraph 1, above, and no extension by written agreement has been granted by Seller, Seller and/all successors in office shall be entitled to enter and terminate the estate hereby conveyed. This right and remedy may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Contract.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER\_\_\_\_\_

SECRETARY OF HOUSING AND URBAN DEVELOPMENT\_\_\_\_\_

RIDER 4 OF 5  
**ASBESTOS HAZARDS**

The Deed shall include the following provisions:

1. Purchaser agrees to indemnify defend, and hold HUD harmless from any liability arising by reason of Purchaser's failure to perform Purchaser's obligations under this Deed with respect to the elimination of asbestos health hazards, the prohibition against the use of asbestos and Purchaser's responsibility for complying with applicable State and local asbestos laws and regulations.
2. If temporary or permanent relocation is necessary because of such rehabilitation, Purchaser covenants to comply with Section 203(f) of the Housing and Community Development Amendments of 1978, as amended, 12 USC §1701z-11(f), and the regulations thereunder, 24 CFR §290.17, as explained in paragraphs 4 through 6, below. Additionally, the Purchaser covenants to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 USC §4601, and the regulations thereunder, 49 CFR Part 24, when Project-based Section 8 assistance is provided by HUD. The Purchaser is responsible for ensuring compliance with the Act and Regulations, notwithstanding any contractual obligations with third parties to comply with the Act and Regulations. Purchaser covenants to provide advance written notice of the expected displacement. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
3. If temporary relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance to tenants in locating a decent, safe and sanitary dwelling/housing unit, which to the extent feasible, shall be in a location not generally less desirable than the Property, and reimburse tenants for:
  - (a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.
  - (b) Expenses of returning to a repaired unit on the Property.
4. If permanent relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance, as described below, to tenants, as may be appropriate:
  - (a) Advisory services, necessary to locate decent, safe and sanitary and affordable replacement housing, which to the extent feasible, shall be in a location not generally less desirable than the Property.
  - (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by HUD to be reasonable considering the size of the household and the circumstances surrounding the move.
5. The Purchaser covenants not to increase the rent for any units, from the rent HUD is requiring a tenant to pay on the Closing date, until such unit meets all the rehabilitation requirements set forth in paragraph 1, above.
6. If Purchaser fails to comply with paragraph 1, above, and no extension by written agreement has been granted by HUD, HUD shall be entitled to enter and terminate the estate hereby conveyed. This right and remedy may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Contract.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER\_\_\_\_\_

SECRETARY OF HOUSING AND URBAN DEVELOPMENT\_\_\_\_\_



**NONDISCRIMINATION AGAINST MULTIFAMILY SECTION 8 CERTIFICATE HOLDERS AND  
VOUCHER HOLDERS** (Applies to Rental Housing)

The Use Agreement includes the following provisions:

Nondiscrimination

In order to comply with Section 204 of the Housing and Community Development Amendments of 1978, 12 USC §1701z-12, as amended, the Purchaser, any/all successors and assigns, agrees not to unreasonably refuse to lease a dwelling unit offered for rent, offer or sell cooperative stock, or otherwise discriminate in the terms of tenancy or cooperative purchase and sale because any tenant or purchaser is the holder of a Certificate of Family Participation or a Voucher under Section 8 of the United States Housing Act of 1937 (42 USC §1437f), or any successor legislation (hereinafter referred to as Section 8). This provision is limited in application, for tenants or applicants with Section 8 Certificates or Vouchers, to those units that rent for an amount not greater than the Section 8 fair market rent for a comparable unit in the area as determined by HUD.

If the Purchaser breaches this provision, HUD and/or one or more third - party beneficiaries, shall be entitled to institute legal action to enforce performance and observance of such provision and to enjoin any acts which are in violation of such provision. For the purposes of this provision, a third-party beneficiary shall be any person who holds a Certificate of Family Participation or a Voucher under Section 8 or any equivalent document under successor legislation.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER\_\_\_\_\_

SECRETARY OF HOUSING AND URBAN DEVELOPMENT\_\_\_\_\_

**ATTACHMENT D**  
LETTER OF CREDIT (LoC) SAMPLE

(ISSUING BANK'S LETTERHEAD)

IRREVOCABLE UNCONDITIONAL LETTER OF CREDIT NO. \_\_\_\_\_  
\_\_\_\_\_, 20\_\_\_\_

U.S. Department of Housing and Urban Development  
801 Cherry Street  
Ft. Worth, TX 76102

Attention: Mr. Jack Stark  
6AC – 28<sup>th</sup> Floor

Dear Sir:

For the account of \_\_\_\_\_  
(name of account party/customer)  
we hereby authorize you to draw on us at sight up to an aggregate amount of U.S.  
\$\_\_\_\_\_, effective immediately and expiring on \_\_\_\_\_,  
20\_\_\_\_\_.

This Letter of Credit is irrevocable and unconditional.

Funds under this Credit are available to you against your sight draft(s) on us, substantially in the form attached as Exhibit A, for all or any part of this Credit.

This Letter of Credit sets forth in full the terms of our obligations to you, and such undertaking shall not in any way be modified or amplified by any agreement in which this letter is referred to or to which this letter of credit relates, and any such reference shall not be deemed to incorporate herein by reference any agreement.

We will promptly honor all drafts in compliance with the terms of this credit if received on or before the expiration date at

\_\_\_\_\_  
(bank's address)

This Credit is governed by the laws of \_\_\_\_\_.

Sincerely,

(Issuing Bank)

By: \_\_\_\_\_

**SAMPLE SIGHT DRAFT**

(HUD LETTERHEAD)

(Name and address of bank)

\_\_\_\_\_  
(City, State)

\_\_\_\_\_, 20\_\_\_\_

Pay to the order of the U.S. Department of Housing and Urban Development the sum of

\$\_\_\_\_\_. This draft is drawn under your Irrevocable Letter of

Credit NO.\_\_\_\_\_.

U.S. Department of Housing and Urban Development

By:\_\_\_\_\_

**Post Closing Repair Requirements**

Office of Housing, Multifamily Sales Program

Project Name	Project Number	Location
King's Cove Apartments	064-35253	101 King's Cove Rd., Camdenton, MO 65020-8803

The purchaser must repair the property to meet the following requirements within the time frame noted in the Contract of Sale or Terms and Requirements of Foreclosure Sale - Acknowledgement by Bidder.

Applicable State and Local Codes

Housing Quality Standards (HQS) as set forth in

Additional Repairs required by HUD

24 CFR 886, Subpart G

HUD will monitor repairs to assure compliance. Repairs shall be considered completed only after (1) Purchaser provides written certification that repairs are completed; (2) Purchaser requests final inspection by HUD; and (3) HUD verifies in writing completion and compliance with the requirements stated herein.

Trade Item Cost Breakdown: HUD's estimate of repairs is broken out by trade item. Detailed descriptions of repairs are stated in this form's exhibit. Unchecked as MANDATORY on this form, repairs may begin upon conveyance. For repair items listed on this form as MANDATORY, the purchaser, prior to beginning work, must submit specifications for approval to HUD office with jurisdiction over this project.

The repairs listed herein represent HUD's estimate of the property's repair needs. These repairs may not represent all repairs needed to satisfy HUD's requirements and/or requirements other than HUD's. HUD does NOT warrant that the list is either comprehensive or sufficient. The purchaser accepts responsibility for: (1) developing independent repair cost estimate, (2) determining what, if any, repairs are needed in excess of those listed herein, and (3) providing funding for such. repairs

Repairs to Residential Structures (including commercial areas)					
Item	Mandatory	Est. Cost	Item	Mandatory	Est. Cost
1. General			17. Wood Flooring		
2. Masonry			18. Resilient Flooring		23364
3. Metals		756	19. Painting and Decorating		175247
4. Wood and Plastics		64	20. Specialties		32822
5. Finish Carpentry		1970	21. Special Equipment		
6. Waterproofing		13140	22. Cabinets		41726
7. Insulation		192	23. Appliances		41595
8. Roofing		2300	24. Blinds and Shades		
9. Sheet Metal			25. Carpets		76518
10. Doors and Windows		77118	26. Special Construction		3500
11. Thermal and Moisture		14059	27. Elevator		
12. Glass		250	28. Plumbing and Hot Water		90472
13. Lath & Plaster			29. Heat and Ventilation		120569
14. Drywall		1478	30. Air Conditioning		
15. Tile Work		2600	31. Electrical		24815
16. Acoustical			Residential Structures Subtotal		744555
Repairs to Accessory Structures (community, maintenance, mechanical, garages, carports, etc....)					
32. Accessory Structures			Accessory Structures Subtotal		
Site Work					
33. Earth Work			36. Site Improvements		63110
34. Site Work			37. Lawns and Planting		
35. Roads and Walks		39169	38. Unusual Site Conditions		
			Site Work Subtotal		102,279
Environmental Mitigation					
39. Lead-based Paint			Totals		
40. Asbestos		4,200	Estimated Total Hard Cost		851,034
41			Inflation - enter amount		20425
Environmental Mitigation Subtotal			Contingency = Hard Cost + 10%		871,459
			Ovhd/Gen Req = Hard Cost +15% or 18%		217,865
Estimated Total Repair Cost					1,089,324
Previous edition is obsolete Computerized form HUD-9552 Web-based					

## King' Cove Repair Work Write Up

**General:** Below are repair requirements for the exterior and interior areas.

### 3.0.1 Site Work and Improvements - Including Site, Grounds and Walkways

1. Provide UFAS/ADA compliant accessible route of travel from public way to building entrances.
2. Repair parking lot and driveway surfaces.
3. Provide new painted parking striping at parking lots and driveways.
4. Provide UFAS/ADA compliant accessible parking.
5. Install new concrete wheel stops at all parking spaces.
6. Upgrade exterior lighting
7. Repair existing retaining wall at landscape planters.
8. Upgrade existing children's playground.
9. Renovate existing trash container enclosures.
10. Construct opening protection at existing storm drain inlets.

### 3.0.2 Exterior Building Improvements

1. Repair existing exterior siding.
2. Repair existing exterior wood trim.
3. Repaint building exteriors.
4. Repair existing windows where defective.
5. Replace existing unit entry doors and hardware.
6. Repair existing sliding glass doors and hardware where defective.
7. Install new screen doors at all exterior doors.
8. Install new weatherstripping at all exterior doors.
9. Repair existing fencing and gates at exterior patios and at utility equipment enclosures.
10. Repair existing gutters and downspouts.
11. Secure loose cables and wiring at building exterior.
12. Remove all abandoned furnishings, debris, and other items stored adjacent to buildings.
13. Attach furnace and HVAC condensing unit disconnects to the wall as required.
14. Secure all exterior J-boxes and outlets to the walls.
15. Remove all exposed cable wires on exterior.

## Specific Requirements

### 3.0.3 Site Repair

Including Site, Grounds, and Walkways

1. Demolish existing concrete paving at east side of site and regrade soil.
2. Construct new code compliant pedestrian walkway to extend from accessible parking to the public way along highway 54 (see site plan).
3. Provide code compliant signage and striping for accessible parking spaces – parking space identification shall include the "International Symbol of Accessibility".
4. Demolish existing built up curb ramps and construct new code compliant curb ramps.
5. Treat existing walking surfaces within the exterior route of travel to comply with code requirements for slip resistance.
6. Install new painted parking striping at parking lots.
7. Install new concrete wheel stops at front end of all parking spaces.
8. Install new painted pavement marking at existing speed bumps in color to match parking striping.
9. Install new 1 inch asphalt topping over existing asphalt paving.
10. Grind existing paving to provide level walking surfaces (**see locations shown on site plan**).
11. Repair existing paving at various locations (**see locations shown on site plan**).
12. Construct new concrete paving from existing walkway to exterior door of building #102 (**see site plan**).
13. Reset horizontal timber at the retaining wall on east side of buildings 107 and 109.
14. Construct or install new latching swinging gates at trash enclosure openings.
15. Provide regular maintenance on all exterior plants in common area planters.
16. Repaint poles at all pole mounted exterior light fixtures.

17. Replace missing lamp cover at pole mounted light fixture.
18. Replace existing light fixtures at unit entry and rear doors.
19. Install new pole mounted exterior lighting fixtures at previously abandoned locations.
20. Remove existing soil in existing playground boundary and install new sand, pea gravel or wood mulch to depth of 12 inches (cover footings for playground equipment by 4 to 6 inches).
21. Remove existing playground equipment and install new equipment.
22. Remove existing benches and install new seating at perimeter of play area.
23. Install opening protection screens at the existing storm drain curb inlets.

## Specific Requirements

### 3.0.4 Exterior Building Improvements

1. Make minor repairs to exterior siding as required to reattach loose siding and decorative wood trim.
2. Repair exterior siding and structural framing on west side of building #103 unit C (see **Site Report - Section 2.3** for more information).
3. **Report - Section 2.3** for more information).
4. Clean and seal exterior siding and exterior construction joints.
5. Repaint all building exteriors.
6. Remove existing unit entry doors and install new solid wood entry doors.
7. Replace broken glass in sliding door in building #105 (unit B).
8. Remove existing door thresholds and weatherstripping at all unit entry and rear doors and replace with new.
9. Install new exterior door hardware at unit entry and rear doors to include new locksets and deadbolts.
10. Replace damaged, broken wood trim around door openings at all unit entry and rear doors.
11. Install screen doors at all exterior doors.
12. Remove existing unit storage room doors and install new doors and hardware.
13. Test all sliding glass doors for proper operation and clean or repair as required.
14. Test all windows to ensure proper operation and repair as required.
15. Clean all exterior windows including glass and frames.
16. Make minor repairs to all windows – replace weather seals where defective, replace missing or loose glazing compound and re-caulk around perimeter of all window frames.
17. Install window screens at all existing windows.
18. Replace existing roof covering.
19. Clean and repair gutters and downspouts where loose or otherwise defective.
20. Replace missing sections of downspouts at all locations.
21. Repair or replace defective hinges, latches, etc. at existing patio gates.
22. Replace existing patio gates where missing or where not salvageable.
23. Repair wood framing and fencing at utility equipment and trash container enclosures.
24. Repair wood framing and fencing where defective at all patios.
25. Reconstruct utility equipment and patio enclosures where removed or where not salvageable.
26. Secure all loose cables in conduit or by other mechanical means in an internal exterior corner of the building.

### 3.0.5 Interior Building Repair

1. Remove all debris, abandoned furnishings, and other items in vacant units.
2. Thoroughly clean vacant units prior to installing new finishes and before new tenants move in.
3. Replace all floor finishes, including carpet pad in vacant units and then in 10% of the remaining occupied units each year until all replaced.
4. Repair subfloors as necessary prior to installing new floor finishes.
5. Remove drywall stained by water damage and mildew. Inspect for plumbing damage and other mildew and repair problems prior to installing new drywall.
6. Repair damaged walls including insulation and framing where necessary; prep and repaint all affected adjacent surface areas.
7. Thoroughly clean walls stained by food residue and remove wallpaper borders before repainting.
8. Repaint all unit interiors.
9. Replace worn, damaged, or missing appliances including ranges, range hoods, garbage disposals, and refrigerators.
10. Service and clean remaining appliances and replace 10% each year until all have been replaced.
11. Replace all countertops.
12. Replace all damaged or missing cabinets. Remaining cabinets shall be replaced at the rate of 10% each year until all have been replaced.
13. Repair remaining kitchen cabinets as necessary including damaged panel below kitchen sinks in all units and thoroughly clean surfaces stained by food residue.
14. Replace all damaged or defective kitchen sinks and faucets.
15. Replace all damaged or missing light fixtures with energy efficient fixtures.

1. Replace all damaged and missing light fixtures lenses.
2. Replace existing ceiling light fixtures in kitchens with energy efficient, fluorescent type as units are being renovated.
3. Install GFI outlets within 30" of kitchen sinks.
4. Outfit sinks in kitchens and bathrooms with "P" traps to prevent leaking and water damage.
5. Replace all existing toilets with new 3.5-gallon flush.
6. Install plumbing access panels in all units at bathtubs.
7. Replace damaged tile and fiberglass surrounds at tubs; repair wall behind before installing new tile.
8. Replace all damaged or defective bathroom plumbing fixtures including tubs, shower valves, showerheads, and sinks and faucets.
9. Instruct tenants to properly clean soap scum and mildew in bathroom prevent costly maintenance problems in the future.
10. Remove cracked or mildewed caulking and apply new caulking around all new and remaining plumbing fixtures.
11. Install new vanities in vacant units; replace remaining vanities at the rate of 10% per year.
12. Replace all damaged medicine cabinets.
13. Service and thoroughly clean the bathroom exhaust grilles; replace all damaged or defective units.
14. Replace missing or damaged accessories including towel bars, tissue holders, etc.
15. Replace all outdated thermostats with energy efficient, automatic setback type.
16. Replace bowed or damaged closet shelves and poles.
17. Provide phone jack in master bedrooms and living rooms.
18. Caulk around all windows interior and exterior.
19. Replace window gaskets where condensation is visible or where damaged.
20. Replace cracked or broken glass in windows and patio doors.
21. Install new screens at all windows.
22. Replace all damaged windowsills.
23. Remove existing drapery hardware in vacant units and patch walls.
24. Replace all unit entry doors including view ports, doorknockers, locksets and deadbolts.
25. Install new thresholds, weatherstripping, trim and frames at unit entries.
26. Replace all damaged, defective or missing interior doors, including closet doors, frames and trim.
27. Repair/repaint interior and closet doors in fair or better condition as necessary.
28. Install doorstops at all swinging doors.
29. Install privacy locks at all master bedrooms and in bathrooms where missing.
30. Replace missing or damaged screens at patio sliders and repair doors to full working order.
31. Strap and insulate all water heaters and seal all mechanical equipment wall penetrations in HVAC closets.
32. Install hard-wired smoke detectors in each hallway ceiling (leading to bedrooms) where missing or damaged.
33. Install new hard-wired smoke detectors in each bedroom.
34. Replace damaged or missing telephone, cable and electrical cover plates. Replace all original electric water heaters with energy efficient units; replace 10% of the remaining water heaters units each year until all are replaced.
35. Clean all HVAC supply and exhaust ducts.
36. Install new register grilles where missing or damaged.
37. Replace 10% of the existing HVAC units each year until all are replaced.
38. Clean all dryer exhaust ducts
39. Install new dryer exhaust grills where missing or damaged.
40. Establish clear guidelines regarding pets, pet waste, etc.
41. Establish a regular fumigation schedule to eliminate potential rodent and vermin infestation.
42. Instruct residents to maintain clean and uncluttered apartments to prevent further infestation by vermin and potentially costly future repairs as a result.

## **Specific Requirements**

### **Unit 107C (2b/1.5ba) Vacant**

1. Unit is filthy with mountains of storage by management as well as abandoned furnishings, etc.
2. Replace all doors, cabinetry, appliances, plumbing fixtures, warped windowsills, etc., throughout.

### **Unit 104C (3b/1.5ba) Vacant**

1. Living Room: Patch damage to walls; Replace screen, hardware and gaskets at patio doors; Carpeting is warped, soiled and torn.
2. Hallway: Replace missing doors at mechanical closet.
3. Kitchen: replace cabinets and countertops; Refrigerator is missing; Window screen is missing.
4. Upper Hallway: Replace door at linen closet.
5. Bathroom: Fiberglas surrounded poorly installed over tile; Wall fixture is missing.
6. Master Bedroom: Replace door, frame, and trim; Patch wall damage; Window screen is missing.
7. Bedroom #2: Window screen is missing.

### **Unit 107A (3b/1.5ba) Vacant**

1. Unit throughout is trashed with furnishings, clothing, etc. Doors have been vandalized; Outlets have been pulled from the walls; Subfloor is uneven on second floor landing.

### **Unit 108D (1b/1ba) Vacant, but new tenant ready to move in**

1. Unit has pungent odor; Site slopes dramatically immediately beyond the patio—a barrier of some sort should be installed to prevent falls.
2. Living Room: Walls have been poorly patched; Screen at patio door is loose.
3. Kitchen: Replace range and range hood; Faucet is missing; Door is missing at pantry; Screen at Dining area windows are warped.
4. Bathroom: Recaulk around faucet.
5. Bedroom #1: Replace plate at cable box.

### **Unit 112A (1b/1ba) Vacant**

1. Carpet and pad has been removed throughout.
2. Living Room: No screen at patio doors.
3. Kitchen: No appliances; replace cabinetry.
4. Bathroom: Bar installed at tub.
5. Bedroom #1: Remove window coverings; Replace closet doors.

### **Unit #109B (2b/1.5ba) Occupied**

1. Living Room: Replace closet door; Replace torn patio screen; Patch wall at washer/dryer niche (remove poorly applied plywood patch); Outlet cover missing; Storage Closet lamp lens missing.
2. Kitchen: clean food residue from cabinetry, walls and appliances; Recaulk at counters.
3. Powder Room: Replace ceiling fixture lens.
4. Bathroom: Replace missing base molding.
5. Stairwell: Subfloor beneath carpet is uneven; Carpet is mismatched; Remove tenant installed carpet on top of low stairwall.
6. Bedroom#2: Caulk windowsill.

### **Unit 107D (3b/1.5ba) Occupied**

1. Living Room: Repair damage to drywall at stair; Patch wall dings from doorknobs; Replace broken outlet plate; Screen missing at patio door; Repair pull chain at lamp in storage closet.
2. First Floor Hallway: Water draining behind wall at mechanical closet.
3. Powder Room: Enamel eroded at sink; Caulk around countertop and sink.
4. Kitchen: Clean mechanical grilles; Remove wallpaper border; patch wall near range; Replace missing cabinet fronts.
5. Upper Hallway: Patch wall damage.
6. Bathroom: Paint is peeling in ceiling; Remove poorly installed fiberglass tub surround; Enamel eroding at sink; Countertop is stained.
7. Master Bedroom: Repair wall damage above window and throughout the room; replace bent closet doors (bed blocks access to closet).
8. Bedroom#2 and #3: Remove posters and tacks; Patch wall damage.



**Unit 112B-Accessible\* (1b/1ba) Occupied**

\*See Notes below for accessibility upgrades

1. In fair condition; Patch normal wear and tear in unit; tenant reports that she has termite damage outside her Living Room window.
2. Bathroom: Replace mildewed caulk at tub.

**Unit 112C-Accessible\* (1b/1ba) Occupied**

\*See Notes below for accessibility upgrades

Note: Resident has installed her own raised toilet and modified shower head as well as door hardware throughout

1. Bathroom: Replace mildewed caulk at tub.

**Unit 110B (1b/1ba) Occupied**

1. Living Room: Screen at patio doors is missing; Replace pull chain at storage closet; Patio door frozen shut.
2. Kitchen: Clean grease and food residue from walls, cabinets, etc.; faucet drips.
3. Bathroom: tenant installed shag carpeting; Grab bar installed at tub; towel bar is missing.
4. Bedroom: Condensation at window.

**Unit 114B (1b/1ba) Occupied**

1. Living Room: Screen missing at patio doors; Replace lens cover at ceiling lamp; corner drywall is separating.
2. Kitchen: Good condition throughout.
3. Bathroom: Mildew at toilet; Enamel eroding at sink; metal shelving is rusty in linen closet; replace door to linen closet.
4. Bedroom: Replace cracked closet doors.

**105A (3b/1.5ba)-Fire Damage Unit Vacant**

1. Unit has sat for the last four years with no repairs to burned out kitchen, or removal of tenant furnishing, clothing, kitchen items, etc., throughout unit.
2. Mildew was noted in the pile of clothing left in the Living Room after the fire was out.
3. Remove all finishes throughout the unit including flooring, cabinetry, appliances, mechanical equipment, etc. and repair to safe and sanitary conditions.

**Unit 101A (3b/1.5ba) Vacant**

1. Living Room: Management storage item as well as other debris block entire walking area of first floor; Replace closet doors; repair lamp in storage closet.
2. First floor Hallway: Replace missing mechanical closet doors; remove mildew stained drywall in mechanical closet.
3. Kitchen: Replace all cabinetry, and appliances; Replace dented window screen.
4. Powder Room: Replace vanity and sink, Repair leaky faucet; Water damage in ceiling; Replace mechanical grill and exhaust fan.
5. Second Floor Hallway: Repairs wall dings.
6. Bathroom: Replace missing lens at ceiling fixture; toilet is stained.
7. Bedroom #1: Condensation in window; replace cracked closet doors.
8. Bedroom #2: Replace damaged door; Replace door trim.
9. Bedroom #3: Patch walls, Replace missing door.

**Unit 103C (2b/1.5ba) Occupied**

1. Living Room: Repair wall dings; Patio doors are frozen shut.
2. Kitchen: Ceiling is dusty from exhaust fan; Caulk around countertop; Condensation at window; Clean exhaust vent.
3. Powder Room: patch walls; replace vanity; replace exhaust lamp.
4. Hallway: Remove clutter.
5. Bathroom: Mildew stains at tub, toilet and adjacent shower walls.
6. Bedroom#1: Resident installed plastic over windows.
7. Bedroom #2: Replace cracked door.

**Unit 102A (3b/1.5ba) Occupied**

1. Living Room: Patch loose trim and door dings; Replace missing door at storage closet.
2. Kitchen: Replace missing lamp lens.
3. Powder Room: Repair water damage in ceiling; One-piece countertop/sink.
4. Bathroom: Replace damaged tile at tub; Replace vanity; enamel eroded at sink; Shelf missing at linen closet.
5. Master Bedroom: Re-hang closet doors; Windows frozen shut.
6. Bedroom #2 and #3: Replace broken closet doors; condensation in window; Replace missing door in bedroom #3.

**Unit 114A (1b/1ba) Occupied**

1. Unit in good condition throughout

**Unit 101C (2b/1.5ba) Occupied**

1. Living Room: patch wall behind door; replace screen at patio doors
2. Kitchen: Refrigerator is in Living Room
3. Powder Room: Enamel eroding at sink

**Unit 110A-Management Office (1b/1ba) Occupied**

1. Kitchen is being used as Maintenance Shop.
2. Pantry used as storage.
3. Bedroom used as Manager's Office.
4. Living Room used as receptions area.
5. Patch wall between "Shop" and "Reception Area" Unit otherwise is in good condition.
6. Upgrade the five (5) existing designated accessible units (106B, 108B, 110C, 114C, and 112C) and Management Office (110A) with compliant cabinetry, closets, appliances, plumbing fixtures, grab bars, door hardware, bathroom accessories, etc., per UFAS/ADA standards. (See **Section 2.6** in this Report.)
7. Remove coat closets adjacent to unit entries in designated accessible units to provide adequate strike space per UFAS/ADA requirements.
8. Remove all wall and ceiling surfaces, cabinetry, etc., damaged by fire (Units 105A and 102B), including insulation; replace with new materials and finishes to match existing.

**Unit 105A**

1. Replace broken glass in patio door.
2. Remove mildewed clothing in living room and kitchen.
3. Repair uneven subfloor at stair landing.
4. Thoroughly clean and disinfect vacant units (101D, 104C, 105A, 105B, 106D, 107A, and 112A) prior to moving in new tenants.
5. Repair plumbing leaks affecting Powder Room in 107D, 102A.
6. Replace mildewed drywall in mechanical closet in Unit 107D.
7. Remove abandoned items on patio of Unit 107C.
8. Repair drywall and insulation and check for structural damage to occupied Unit 103C where car damaged Powder Room wall.
9. Repair wall between "Office" and "Maintenance Shop" in Unit 110A.
10. Repair uneven subfloor at stairs in 109B.
11. Repair uneven subfloor in Unit 107A. Foul odor is likely from pet waste in the carpeting.

**Unit 105B Unoccupied Unit**

1. Unit was inaccessible due to excessive trash, abandoned items, and pet waste.